

**Declaration of M.Habib Ullah Khan**

1. I, M.Habib Ullah Khan, am an individual residing in Pakistan. I give this declaration in an individual personal capacity.

2. Pakistani foreign exchange regulations require all payments by Pakistani corporations made to a party outside of Pakistan to comply with the Pakistani Foreign Exchange Manual (2002) (relevant portions attached). Those foreign exchange regulations include a lengthy and cumbersome process to gain permission to send payments outside Pakistan (described below). In my experience, the process takes at least six months or longer. Megafeeder (Private) Limited (Megafeeder), a corporate juristic and legal entity of which I am Chairman, formed under the laws of Pakistan on April 24, 2006, has not yet obtained permission to send payments outside Pakistan. Cop)

Under the foreign exchange regulations, only agents authorized by the government of Pakistan are allowed to authorize a person or corporation to send payments outside of Pakistan. This is explained in Chapter 10 of the Foreign Exchange Manual. The authorization process requires an application for a permit, duly supported by all the requisite documentation. These application forms are then subjected to a lengthy and rigorous examination on behalf of the State Bank of Pakistan.

4. Megafeeder began receiving containers from CAI beginning fm 21<sup>st</sup> May, 2006. When Megafeeder received those containers, Megafeeder also received invoices from CAI that had to be paid promptly. Because payments directly from Megafeeder would not be authorized by the State Bank of Pakistan, I chose to make payments to CAI via my personal bank account, and in one case payment was made from the account of Forbes Forbes and Campbell, which is authorized to export currency from Pakistan. The payments made to CAI from my personal account and the payment from the Forbes Forbes and Campbell account are summarized below. These payments were made only because there was no time available to seek permission from the Pakistani State Bank for outward remittances before they began being due.



Invoice Number	Invoice Date	Invoice To	Period	Invoice Amount \$	Remittance Date	Remitted By
66857	05/31/06	Megafeeder (Pvt) Ltd	01.05.06 TO 31.05.06	11,919.28	08.06.06	M.Habibullah Khan
67533	06/30/06	Megafeeder (Pvt) Ltd	01.06.06 TO 30.06.06	28,035.20	28.07.06	M.Habibullah Khan
68209	07/31/06	Megafeeder (Pvt) Ltd	01.07.06 TO 31.07.06	53,783.29	09.09.06	M.Habibullah Khan
68897	08/31/06	Megafeeder (Pvt) Ltd	01.08.06 TO 31.08.06	47,636.00	09.10.06	M.Habibullah Khan
69575	09/30/06	Megafeeder (Pvt) Ltd	01.09.06 TO 30.09.06	62,220.00	06.07.07	M.Habibullah Khan
70255	10/31/06	Megafeeder (Pvt) Ltd	01.10.06 TO 31.10.06	940.8	02.12.06	M.Habibullah Khan
70254	10/31/06	Megafeeder (Pvt) Ltd	01.10.06 TO 31.10.06	64,617.00	02.12.06	M.Habibullah Khan
70927	11/30/06	Megafeeder (Pvt) Ltd	01.11.06 TO 30.11.06	54,599.25	10.01.07	Forbes Forbes
70928	11/30/06	Megafeeder (Pvt) Ltd	01.11.06 TO 30.11.06	9,475.20	24.01.07	M.Habibullah Khan
71595	12/31/06	Megafeeder (Pvt) Ltd	01.12.06 TO 31.12.06	56,420.00	15.2.07	M.Habibullah Khan
71596	12/31/06	Megafeeder (Pvt) Ltd	01.12.06 TO 31.12.06	11,804.80	15.02.07	M.Habibullah Khan
72260	01/31/07	Megafeeder (Pvt) Ltd	01.01.07 TO 31.01.07	56,420.00	06.07.07	M.Habibullah Khan
72261	01/31/07	Megafeeder (Pvt) Ltd	01.01.07 TO 31.01.07	11,804.80	06.07.07	M.Habibullah Khan
72940	02/28/07	Megafeeder (Pvt) Ltd	01.02.07 TO 28.02.07	50,960.00	06.07.07	M.Habibullah Khan
72941	02/28/07	Megafeeder (Pvt) Ltd	01.02.07 TO 28.02.07	10,662.40	06.07.07	M.Habibullah Khan
73617	03/31/07	Megafeeder (Pvt) Ltd	01.03.07 TO 31.03.07	56,420.00	06.07.07	M.Habibullah Khan
73618	03/31/07	Megafeeder (Pvt) Ltd	01.03.07 TO 31.03.07	11,804.80	06.07.07	M.Habibullah Khan
74282	04/30/07	Megafeeder (Pvt) Ltd	01.04.07 TO 30.04.07	54,600.00	06.07.07	M.Habibullah Khan
74283	04/30/07	Megafeeder (Pvt) Ltd	01.04.07 TO 30.04.07	11,424.00	06.07.07	M.Habibullah Khan
74958	05/31/07	Megafeeder (Pvt) Ltd	01.05.07 TO 31.05.07	54,322.30	06.07.07	M.Habibullah Khan
74959	05/31/07	Megafeeder (Pvt) Ltd	01.05.07 TO 31.05.07	11,702.00	06.07.07	M.Habibullah Khan
TOTAL \$				731,571.12		

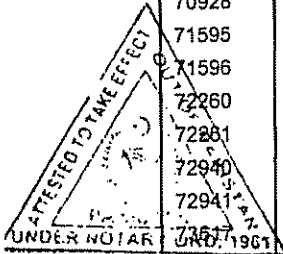
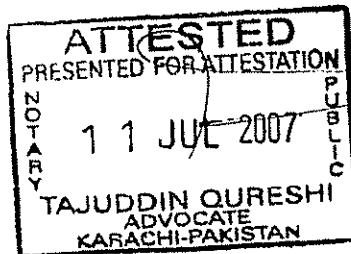


photo True Copy

5. I declare under the penalty of perjury under the laws of the United States of America and Pakistan that the foregoing is true and correct.

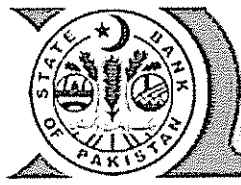


*[Signature]*

M.Habib Ullah Khan

11 July 2007





**State Bank of Pakistan**

بنک دولت پاکستان

[Home](#)

[Jobs & Careers](#)

[Site Map](#)

[Feedback](#)

[Contact Us](#)

[Help Desks](#)

FE Man

## CHAPTER X

### INWARD AND OUTWARD REMITTANCES

1. Inward Remittances.
  2. Inward Remittance - No Restrictions.
  3. Outward Remittances.
  4. Mode of Remittances.
  5. Prescribed Application Forms.
  6. Applications by Letters.
  7. Applications to be submitted to the State Bank only through an Authorised Dealer.
  8. Forwarding Applications to the State Bank.
  9. Processing of Approved Form etc.
  10. Permits for Recurring Remittances.
  11. Effecting Remittances against Permits.
  12. Period of validity of approval by the State Bank.
  13. Release of Foreign Exchange for Travel Abroad.
  14. Processing of Approvals given on one Authorised Dealer's Form by another Authorised Dealer.
  15. Reporting of Remittances.
  16. Cancellation of Outward Remittances.
  17. Cancellation of Inward Remittances.
  18. Utilisation of Exchange for the purpose it is obtained.
1. Inward Remittances.

The term 'inward remittance' means purchase of foreign currencies in whatever form and includes not only remittances by M.T., T.T., draft etc., but also purchase of travellers cheques, drafts under travellers letters of credit, bills of exchange, currency notes and coins etc. Debit to banks' non-resident Rupee accounts also constitutes an inward remittance. This chapter, however, does not cover purchase of foreign currency notes and coins which is dealt with in Chapter XI.

## 2. Inward Remittance – No Restrictions.

There is no restriction on receipt of remittances from abroad either in foreign currency or by debit to non-resident Rupee accounts of banks' overseas branches or correspondents. Authorised Dealers may freely purchase T.Ts, M.Ts, drafts, bills etc., expressed and payable in foreign currencies or drawn in Rupees on banks' non-resident Rupee accounts. There is also no objection to their obtaining reimbursement in foreign currency from their overseas branches and correspondents in respect of Rupee bills and drafts which are purchased by them under letters of credit opened by non-resident banks or under other arrangements.

## 3. Outward Remittances.

The term "outward remittance" means sale of foreign exchange in any form and includes not only remittances by T.Ts, M.Ts, drafts etc., but also sale of travellers cheques, travellers letters of credit foreign currency notes and coins etc. Outward remittance can be made either by sale of foreign exchange or by credit to non-resident Rupee account of banks' overseas branches or correspondents. Authorised Dealers may sell foreign exchange for approved transactions only in accordance with the procedure outlined in this chapter. This chapter does not cover sale of foreign currency notes and coins which is dealt with in Chapter XI.

## 4. Mode of Remittances.

Authorised Dealers should normally avoid issuing drafts in cover of outward remittances whenever remittance can be made by T.Ts, or M.Ts, etc. Where, however, the normal means of transfer is likely to result in unnecessary hardship or inconvenience to the remitter, drafts may be issued in the name of the beneficiaries of the remittance but such drafts should be crossed by the issuing bank as "Account Payee only".

## 5. Prescribed Application Forms.

(i) There are three types of application forms for outward remittances:

- (a) Form 'I' is to cover remittance against imports (Appendix V-30 )
- (b) Form 'T-1' is to cover sale of exchange for travel (Appendix V-64)
- (c) Form 'M' is to cover all other remittances (Appendix V-8)

(ii) Any person who wishes to purchase foreign exchange must lodge an application with an Authorised Dealer on the appropriate prescribed form duly supported by the requisite documents. On receipt, the application should be examined by the Authorised Dealer and if the Authorised Dealer is satisfied that the application is covered by the regulations and it is empowered to approve the remittance on behalf of the State Bank, it may effect the sale of foreign exchange. If the transaction requires prior approval of the State Bank, the application should be forwarded by the Authorised Dealer to the State Bank for consideration with comments under its stamp and signature.

**6. Applications by Letters.**

In some cases, applications are made by letters as it becomes difficult for the applicants to fully describe on the prescribed application form the purpose of purchase of foreign exchange particularly for travel abroad and for purposes other than import. In all such cases, letters should be accompanied by Form 'T 1' or 'M' as the case may be, duly filled in. If the remittance is permissible, the State Bank will return the form duly approved. In cases where remittance is required to be made in installments at periodic intervals, the State Bank may issue special permits authorising remittances in the desired manner.

**7. Applications to be submitted to the State Bank only through an Authorised Dealer.**

All applications for foreign exchange should be forwarded to the State Bank through Authorised Dealer who should arrange their delivery to the State Bank through their own messengers or through post. All applicants who present their applications directly to the State Bank will be asked to resubmit them through an Authorised Dealer.

**8. Forwarding Applications to the State Bank.**

When submitting applications to the State Bank, Authorised Dealers should take all reasonable precautions to satisfy themselves as to the bonafides of the applicants. They should verify that the application form has been duly completed and signed by the applicant and then affix their stamp and signature thereon in token of their having examined the application and of having satisfied themselves that to the best of their knowledge and belief, the statements made in the form are correct and that full documentary evidence as required has been submitted. In this connection, reference is also invited to para 6 of Chapter 1. The applicant should also be advised that under Section 22 of the Act, it is an offence to give any information or make any statement which he knows or has reasonable cause to believe to be false or not true in any material particular.

**9. Processing of Approved Form etc.**

After receipt of approved forms or permits etc., from the State Bank, Authorised Dealers should see that the forms etc., have been approved by the authorised officers of the State Bank and that they bear its embossing seal. Authorisations which are signed by officers whose specimen signatures are not available with the Authorised Dealer, should be presented to the nearest office of the State Bank for authentication. It is also important that once a form has been approved by or on behalf of the State Bank the Authorised Dealer should effect remittance only on behalf of the original applicant for whom the form has been approved and in favour of the beneficiary whose name appears in the approval. They must in no case accept instructions from third parties. In those cases where Authorised Dealers are empowered under the instructions laid down in this Manual to approve applications on behalf of the State Bank, they should ensure while approving the form that the applications are complete in all respects and that all the necessary documentary or other evidence as required has been submitted to and examined by them and that they have satisfied themselves as to the genuineness of the transaction.

**10. Permits for Recurring Remittances.**

(i) Permits (Appendix V-9) issued by the State Bank are of three types. In the first type of permits the State Bank authorises remittances upto a stated amount within a stated period which an Authorised Dealer may make on behalf of the permit holder. Remittances under such permits may be made during the period of validity of the permit in amounts as required by the applicant provided that the total of such remittances under the permit does not exceed the overall limit laid down in the permit.

(ii) The second type of permits covers remittances on a periodical (monthly) basis but the periodical



(monthly) limits are not cumulative and remittances in all during any one period (month) must not exceed the prescribed rate laid down in the permit. If remittances are not made upto the full extent of the limit in any period (month), it is not permissible to carry forward unutilised balance in order to make larger remittances in subsequent periods.

(iii) The third type of permits allows remittances on a periodical (monthly) basis but the periodical (monthly) amount is sanctioned on a cumulative basis so that unutilised amounts for earlier period (months) can be remitted in subsequent periods (months). Unutilised amounts may, however, be accumulated only within the validity of the permit and the entire unutilised balance of such permits will lapse after the last day of the validity of the permit. In such cases it is not permissible to make remittances in advance of the entitlements of the subsequent periods (months).

(iv) Requests for utilisation of lapsed quotas should be forwarded by Authorised Dealers to the State Bank giving full reasons for non-utilisation on due dates supported by suitable documentary evidence, wherever available.

#### 11. Effecting Remittances against Permits.

In all cases where permits are issued by the State Bank, it will be in order for the Authorised Dealers to effect remittances against the permits subject to report on form 'M'. Authorised Dealers must state on form 'M' the number of the permit against which the remittance has been made and also certify that the remittance has been endorsed on the permit. The remittance must be endorsed on the reverse of the permit giving the amount and date of remittance under their stamp and signature. When the permit is exhausted, it should be returned to the State Bank by the Authorised Dealers alongwith the form 'M' on which the last remittance is reported. In all cases where the purpose for which the permit was granted ceases to exist and no further remittances are required or are permissible, the unutilised permit should be returned to the State Bank with an advice that the permit should be cancelled.

#### 12. Period of validity of approval by the State Bank.

All Authorisations given by the State Bank are valid for a period not exceeding 30 days from the date of approval unless they are expressly approved as valid for a specified longer period or unless they have been revalidated for a further period. Similarly, permits issued by the State Bank are also valid for specified periods as stated on the permit. Authorised Dealers should not effect any remittance against approved forms, permits etc., which have been lapsed unless they have been duly revalidated.

#### 13. Release of Foreign Exchange for Travel Abroad.

Foreign exchange is issued to the travellers against specific or general approval given by the State Bank. It may be drawn in any foreign currency equivalent to the sanctioned amount exclusively in the form specified in paragraph 44 of Chapter XVII. In cases where a traveller desires to draw foreign exchange partly in foreign currency instruments and partly in foreign currency notes, Authorised Dealers will prepare two separate 'T-1' forms. In the portion meant for their certificate, the Authorised Dealers will give on both the 'T-1' forms a suitable indication as to the amounts of foreign exchange released in foreign currency instruments and notes. The 'T-1' forms will be attached with Schedules E-3 annexed to Summary Statements S-1 and S-6. In the case of sale of foreign exchange partly in foreign currency instruments and partly in foreign currency notes against specific approval issued by the State Bank, a photocopy of the State Bank's sanction will also be made. Authorised Dealers will give a suitable indication to this effect, both on the original sanction as well as its photocopy which will be attached with the relative 'T-1' forms and surrendered to the State Bank alongwith the monthly returns of foreign exchange transactions.

**14. Processing of Approvals given on one Authorised Dealer's Form by another Authorised Dealer.**

There may be instances where a traveller or a remitter might approach an Authorised Dealer for issue/remittance of foreign exchange against approved form 'T-1' or 'M' bearing the identifying prefix and serial number of another Authorised Dealer. While releasing/remitting foreign exchange against such form 'T-1' or 'M', Authorised Dealers should insert their own identifying prefix and serial number borne on one of the blank 'T-1' or 'M' forms in their possession, and score out the prefix and serial number already appearing on approved form 'T-1' or 'M' under proper authentication. The Authorised Dealers should, however, destroy that blank form 'T-1' or 'M' whose serial number is so inserted by them.

**15. Reporting of Remittances.**

Authorised Dealers should submit to the State Bank alongwith the appropriate returns as laid down in Chapter XXII, forms 'M', 'T-1' and 'I' as the case may be, in cover of each remittance effected by them. Where remittances are approved by the State Bank, the approved forms should be submitted in original. Where approval is given by the State Bank by letter or through issue of permit, particulars of the letter or of the permit should be given on the appropriate form before submitting it to the State Bank with the returns.

**16. Cancellation of Outward Remittances.**

In the event of any outward remittance which has already been reported to the State Bank being subsequently cancelled, either in full or in part, Authorised Dealers must report the cancellation of the outward remittance as an inward remittance. The return in which the reversal of the transaction is reported should be supported by a letter giving the following particulars:

- (a) The date of the return in which the outward remittance was reported.
- (b) The name and address of the applicant.
- (c) The amount of the sale as effected originally.
- (d) The amount cancelled.
- (e) Reasons for cancellation.

**17. Cancellation of Inward Remittances.**

In the event of any inward remittance which has already been reported to the State Bank, being subsequently cancelled either in full or in part, because of non-availability of the beneficiary, Authorised Dealers must report the cancellation of the inward remittance as an outward remittance on form 'M'. The return in which the reversal of the transaction is reported should be supported by a letter giving the following particulars:

- (a) The date of the return in which the inward remittance was reported.
- (b) The name and address of the beneficiary.
- (c) The amount of the purchase as effected originally.

(d) The amount cancelled.

(e) Reasons for cancellation.

**18. Utilisation of Exchange for the purpose it is obtained.**

Where any foreign exchange is acquired by any person other than an Authorised Dealer for any particular purpose or where any person has been permitted conditionally to acquire foreign exchange, the said person will not use the foreign exchange so acquired otherwise than for that purpose or fail to comply with the prescribed conditions. In cases where the foreign exchange so acquired cannot be used in full or in part for the purpose for which it was acquired or any of the conditions subject to which the foreign exchange was released cannot be complied with, the foreign exchange should immediately be surrendered to an Authorised Dealer.

---

© 2004 State Bank of Pakistan. All Rights Reserved.  
[Disclaimer](#) | [Instructions](#)

**State Bank of Pakistan**  
I.I. Chundrigar Road, Karachi, Pakistan.  
Phone: (+9221-24450298, Fax: (+9221) 9212440  
[www.sbp.org.pk](http://www.sbp.org.pk)